



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 77**
Streamlining Draft **AGEDNES 23**

Date: February 3, 2010 8:23 AM	Author:
Dept./Agy.: Social Services	Analyst: Shawn Hotstream
Subject: Transfer of LRS functions to LWC and DHH	

This recommendation proposes to transfer appropriate rehabilitation service functions in the Department of Social Services (DSS), Louisiana Rehabilitation Services to the Department of Health and Hospitals (DHH) and the Louisiana Workforce Commission (LWC).

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This recommendation can result in a maximum increase in State General Fund Expenditures of \$2,571,499 to DSS for FY 2010-11 and subsequent fiscal years to the extent that indirect costs in the Office of the Secretary (OS) are not reduced as a result of transferring the LRS function. The current state match rate for LRS is 21.3%; however, transferring this function will result in DSS having to reallocate LRS indirect costs to other DSS agencies with higher state match rates of 60% and 70%. The Legislative Fiscal Office cannot determine if a savings can be achieved from transferring LRS to the LWC and DHH until a plan to integrate these services has been developed by the receiving agencies.

LRS currently has a budget of \$69.9 million (\$9.4 SGF; \$53.2 Federal; \$7.2 Stat Ded; 10,000 IAT) and 363 authorized T.O. DSS had initially indicated to the Streamlining Commission that a total savings of \$3.5M could be achieved by transferring this function based on the presumption that a savings of 5% of the LRS total budget of \$70M would be realized through a reduction of administrative costs; however, this presumption was made before DSS analyzed the fiscal impact of this transfer on the department. The total budget for the Office of the Secretary is \$101,695,846. Of this amount, \$62,470,309 is allocated to the other DSS agencies as indirect costs for expenditures such as rent, information technology, legal, human resources, audit, fleet operations, mail operations, and purchasing. LRS’s share of this indirect cost is \$3,673,570. Once LRS is transferred, this cost will have to be reallocated to the remaining DSS agencies with a higher state match rate. The current match rate for LRS is 21.3% State and 78.7% Federal for Vocational Rehabilitation and 10% State and 90% Federal for Independent Living Older Blind. The current match rate for the Office of Community Services is 70% State and 30% Federal. The current match rate for the Office of Family Support is 60% State and 40% Federal. At this time, DSS is not certain of how the costs will be reallocated; however, the Legislative Fiscal Office has determined that the amount of SGF needed could range from \$2,387,821 based on an equal split of LRS costs between the remaining two agencies to a maximum amount of \$2,571,499 as reflected in the table above based on the highest state match rate of 70%. There is the potential that the current level of OS support needed could be less as a result of this transfer or other budgetary reductions, which could reduce the amount of SGF needed for these indirect costs.

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REVENUE EXPLANATION

Federal revenues could increase if legislation was passed allowing funds from the Traumatic Head and Spinal Injury Fund to be used as match to draw down additional federal dollars contingent upon the establishment of a wavier program to serve that population.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	 H. Gordon Monk Legislative Fiscal Officer
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	



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CONTINUED EXPLANATION from page one: Page 2 of 2
Below is an explanation of how the LRS function will be transferred to the respective agencies along with the fiscal impact to those agencies:

Louisiana Workforce Commission

Three programs and the respective funding of \$63,035,389 will be transferred to the LWC along with 352 positions. These programs are: Independent Living Part B/Older Blind (\$52,455 SGF; \$1,201,037 Federal); Vocational Rehabilitation (\$9,039,873 State Match; \$51,102,652 Federal; \$10,000 IAT); and Randolph Sheppard (\$106,848 State; \$427,028 Federal; \$1,095,496 Stat Ded). There are currently eight LRS regional offices and nine area offices located throughout the state. Five of these offices are housed in state-owned facilities and eleven are in non-state leased facilities. LWC will assume the operation of all of these facilities. The LWC has indicated that the entire amount of funding and positions currently used by DSS to perform these functions will be needed to provide the same level of service to existing clients. As of the 1st Quarter of FY 10, there were 24,932 clients served by these three programs and a waiting list of 1,129. The Legislative Fiscal Office presumes that a potential savings could be realized if realigning this function with LWC eliminates any duplication of effort resulting in a decrease in the number of employees or the amount of physical space needed for future operations. At this time, the amount of savings, if any, cannot be determined until a plan to integrate these functions is developed. If a savings can be achieved, the decision of whether to utilize that savings to address current waiting lists will determine if an actual savings is realized. It is possible that this plan will only result in a more efficient delivery of services to clients.

Department of Health and Hospitals

Four programs and the respective funding of \$6,556,566 and 11 positions will be transferred to DHH (Office of Aging and Adult Services - five positions; Office of the Secretary - six positions). These programs are: Community & Family Support, Personal Care Attendant (\$390,632 SGF); Traumatic Head and Spinal Cord (\$3,308,463 Stat Ded); and Louisiana Telecommunications for the Deaf (\$2,857,471 Stat Ded). DHH has indicated that the entire amount of funding and positions currently used by DSS to perform these functions will be needed to provide the same level of service to existing clients. As of the 1st quarter of FY 10 there are 4,239 clients served by these programs and a waiting list of 1,315. DHH has indicated that OAAS may be able to identify areas where State General Fund and Medicaid funding sources can be better coordinated, which could help to generate some savings. There is also a possibility that funds from the Traumatic Head and Spinal Injury Cord Fund could be used as match to draw down additional federal dollars; however, this would require the establishment of a waiver program for that population and legislation to allow the funds to be used as match. The Legislative Fiscal Office cannot determine the amount of any savings until a plan to integrate these services is developed by DHH, which identifies the most prudent way to maximize state and federal dollars. Furthermore, if a savings can be achieved, the decision of whether to utilize that savings to address current waiting lists will determine if an actual savings is realized.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<u>H. Gordon Monk</u>
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	H. Gordon Monk
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